

Message Text

CONFIDENTIAL

PAGE 01 SECTO 11181 301332Z

53

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 CCO-00 /026 W

----- 101808

O 292100Z APR 76 ZFF4

FM USDEL SECRETARY KINSHASA

TO SECSTATE WASHDC IMMEDIATE

AMEMBASSY CAIRO IMMEDIATE

C O N F I D E N T I A L SECTO 11181

STADIS////////////////////////////////

EXDIS

FOR EB GREENWALD & S/P BARTHOLOMEW FROM LORD

DEPARTMENT PASS NSCE FOR SCOWCROFT & BUTLER

CAIRO FOR DEPUTY SECRETARY ROBINSON

E.O. 11652: GDS

TAGS: OVIP (KISSINGER, HENRY A) PFOR

SUBJECT: SECRETARY'S UNCTAD SPEECH SECTION FOUR (IV) - BALANCE OF
PAYMENTS PROBLEMS

BEGIN TEXT

SUBJECT: SECRETARY'S SPEECH AT UNCTAD SECTION FOUR (IV) - BALANCE OF
PAYMENTS PROBLEMS

1. THE ISSUES OF TRADE, COMMODITIES, AND TECHNOLOGY TRANSFER
TOUCH ON THE LONG-TERM NEEDS OF DEVELOPING NATIONS. BUT WE FACE AS WE
LL

IMMEDIATE PROBLEMS REQUIRING URGENT ATTENTION.

2. RISING IMPORT COSTS INDUCTED IN PART BY HIGHER OIL PRICES,
AND REDUCED EXPORT EARNINGS RESULTING FROM RECESSION IN THE INDUSTRIA
LIZED
COUNTRIES, GENERATED UNPRECEDENTED INTERNATIONAL PAYMENTS DEFICITS FOR
A NUMBER OF COUNTRIES IN 1974 AND 1975. ALTHOUGH GLOBAL ECONOMIC
RECOVERY HAS BEGUN, MANY OF THESE SAME COUNTRIES WILL CONTINUE TO FAC
E

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 SECTO 11181 301332Z

LARGE, PERSISTING DEFICITS IN 1976. IF THEY ARE TO AVOID SEVERE CUTBA

CKS

IN THEIR IMPORTS AND CONSEQUENT REDUCTIONS IN THEIR ECONOMIC GROWTH, THE ENTIRE INTERNATIONAL COMMUNITY MUST NOW CONCERNTRATE ITS EFFORTS IN THREE AREAS:

--WE MUST INCREASE THE VOLUME AND QUALITY OF RESOURCE FLOWS TO THE DEVELOPING WORLD, FOR WITHOUT ADEQUATE CAPITAL, DEVELOPMENT CANNOTTAKE PLACE.

--WE MUST INSURE THAT PRIVATE MARKETS CONTINUETO PLAY A SUBSTANTIAL ROLE IN PROVIDING DEVELOPMENT CAPITAL. FOR MANY COUNTRIES

, PRIVATE FLOWS ARE AND WILL CONTINUE TO BE THE PRINCIPAL FORM OF DEVELOPMENT FINANCE.

--WE MUST GIVE RENEWED ATTENTION TO COUNTRIES EXPERIENCING CRITICAL DEBT PROBLEMS. THEIRMOUNTING DEBTS COULD CHOKE THE DEVELOPM ENT PROCESS ALTOGETHER.

3. FIRST, CONCERNING THE AMOUNT AND CONDITION OF RESOURCE FLOW, WE HAVE BEEN HEARTENED BY THE IMMENSE EFFORT MADE SINCE THE SEVENTH SPEICAL SESSION TO ASSURE ADQUATE BALANCE OF PAYMENTS FINANCING FOR LESS DEVELOPED NATIONS. ESPECIALLY IMPORTANT HAS BEEN THE LIBERALIZATION O F THE INTERNATIONAL MONETARY FUND'S CREDIT TO DEVELOPING COUNTRIES.THESE

EFFORTS SHOULD HELP INSURE THAT ADEQUATE BALANCE OF PAYMENTS FINANCING

IS AVAILABLE ON AN AGGREGATE BASIS.

4. BUT THIS IS NO SUBSTITUTE FOR ADEQUATE LEVELS OF HIGH QUALITY FOREIGN AID. ALTHOUGH MOST FOREIGN ASSISTANCE FROM THE UNITED STATES AND OTHER DONORS IS PROVIDED ON HIGHLY CONCESSIONAL TERMS, THERE IS STILL CONSIDERABLE ROOM TO IMPROVE THE QUALITY OF RESOURCE FLOWS. IN MANY CASES, THE CONDITIONS OF ASSISTANCE RESTRICT ITS FINANCIAL AND DEVELOPMENTAL IMPACT.

ONE EXAMPLE IS THE TYING OF AID TO PROCUREMENT IN DONOR COUNTRIES.

AS A MEANS OF DEALING WITH THIS PROBLEM, THE UNITED STATES WILL URGE THAT THE OECD DEVELOPMENT ASSISTANCE COMMITTEE CONSIDER THE RECIPROCAL UNTYING OF DEVELOPMENT ASSISTANCE.

5. SECOND, FOR MANY DEVELOPING COUNTRIES, PARTICULARLY THOSE IN THE MIDST OF THE INDUSTRIALIZATION PROCESS, PRIVATE SOURCES MAKE UP THE BULK OF DEVELOPMENT CAPITAL. OF THE \$35 BILLION BALANCE OF CONFIDENTIAL

CONFIDENTIAL

PAGE 03 SECTO 11181 301332Z

PAYMENTS DEFICIT OF THE ON-OIL PRODUCING DEVELOPING COUNTRIES IN 1975 N

OVER \$12 BILLION WAS FINANCED BY PRIVATE CAPITAL FLOWS. WITHOUT THIS, THE CONSEQUENCES OF THE MAMMOTH DEFICIT WORLD HAVE BEEN TRAGIC THE IMF/IBRD DEVELOPMENT COMMITTE IS TUDYING A WIDE RANGE OF MEASURES TO INSURE THAT INTERNATIONA CAPTIAL MARKETS CONTINUE THEIR IMAGINATIVE ADAPTATION TO THE NEEDS OF DEVELOPING NATIONS. THE UNITED STATES WILL

MAINTAIN FULL SUPPORT FOR THIS EFFORT.

6. THIRD, THE LARGE BALANCE OF PAYMENTS DEFICITS WHICH LESS DEVELOPED COUNTRIES HAVE ENCOUNTERED IN THE RECENT RECESSION HAVE CAUSED A LARGE BUILDUP IN THE PAYMENTS THEY MUST MAKE TO SERVICE THEIR

DEBT OBLIGATIONS. THIS PROBLEM MUST BE ADDRESSED IN THE CONTEXT OF EACH COUNTRY'S OVERALL BALANCE OF PAYMENTS POSITION. GENERALIZED RESCHEDULING OF DEBT IS NOT THE ANSWER. IT WOULD ERODE THE CREDIT-WORTHINESS OF COUNTRIES BORROWING IN PRIVATE CAPITAL MARKETS. BY OBSCURING THE SIGNIFICANT DIFFERENCES AMONG COUNTRIES, IT MIGHT PREVENT AN APPROPRIATE FOCUS ON COUNTRIES IN MOST URGENT NEED. AND IT WOULD BE INEQUITABLE TO THOSE COUNTRIES WHICH HAVE IMPOSED STRICT FINANCIAL DISCIPLINE ON THEMSELVES IN ORDER TO REPAY OBLIGATIONS. IN SUM, IT WOULD NOT GIVE HELP WHERE IT IS REALLY NEEDED.

7. THE UNITED STATES STANDS READY TO HELP COUNTRIES SUFFERING ACUTE DEBT SERVICE PROBLEMS WITH MEASURES APPROPRIATE TO EACH CASE. OTHER CREDITOR NATIONS HAVE TAKEN A SIMILAR POSITION. THE PROCEDURES FOR DEALING WITH SUCH ACUTE PROBLEMS MUST IN CASE REST ON A BASIS AGREEABLE TO THE COUNTRIES CONCERNED, CREDITOR AND DEBTOR ALIKE. YET THE OBJECTIVE OF FAIR TREATMENT CAN BE ACCEPTED BY ALL. THEREFORE, THE UNITED STATES PROPOSES THAT THE FINANCIAL COMMISSION OF CIEC OR OTHER APPROPRIATE BODY EXAMINE PROBLEMS OF ACUTE FINANCING AND DEBT SERVICE AND MAKE RECOMMENDATIONS ON HANDLING THESE PROBLEMS IN A MANNER EQUITABLE TO DEBTORS AND CREDITORS ALIKE.

END TEXT

KISSINGER

NOTE: PASSED NSCE BY OCT.

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXT, SECTO, SPEECHES, BALANCE OF PAYMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 APR 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976SECTO11181
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760165-0030
From: SECRETARY KINSHASA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976047/aaaaafkf.tel
Line Count: 144
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: STADIS, EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: STADIS, EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 09 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 JUN 2004 by BoyleJA>; APPROVED <20 OCT 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SECRETARY'S UNCTAD SPEECH SECTION FOUR (IV) - BALANCE OF PAYMENTS PROBLEMS
TAGS: OVIP, PFOR, UNCTAD, (KISSINGER, HENRY A)
To: STATE CAIRO
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006